

TRANSPORTATION REPORT

To: The Montana Wheat & Barley Committee

From: Terry Whiteside

Date: April 1, 2009



RAIL SHIPPER DAY - A ROUSING SUCCESS

Rail Shipper Day In DC - March 25, 2009

Last week a delegation of ARC Executive Board members led by Board Chairman Terry Whiteside traveled to Washington DC to participate in Rail Shipper Day and to attend several Capitol Hill meetings as a group in addition to the individual office visits that each person traveling to Washington had arranged.

The day began with the ARC delegation together with ARC's Washington Representatives visiting with Senator Max Baucus (D-MT), Chairman of the Senate Finance Committee and Senator John Tester (D-MT) at their morning breakfast. Issues discussed with the Senators and their staffs were the introduction of a new version of Senator Rockefeller's (D-WVA) Rail Shipper legislation and the possibility of a tax credit for rail infrastructure. Senator Baucus and Senator Tester have always been a strong supporter of rail shipper concerns and demonstrated this to the ARC Representatives.

The group then attended successful meetings with their own Congressional representatives seeking support for Captive shipper legislation.

The group then reconnected in the early afternoon and had a lengthy meeting with the staff of the Senate Commerce Committee. The meeting was bi-partisan in that staff represented at the discussion included both Chairman Rockefeller's and that of Committee Ranking Member Hutchison (R-TX). All of the ARC members who attended this meeting had actual "hands-on" experience in negotiating directly with the railroads on contract and rates. Staff at the meeting found this as an opportunity to ask some very direct questions to these men and women and all present stood up to the challenge. The group unanimously endorsed **expanding Final Offer Arbitration to all industries as well as endorsing the concept of a group or pooled FOA wherein rail customers can band together and process final offer arbitration for a group of shippers**. Additionally, the ARC Executive Committee Board members explored the concept with the Commerce Committee of allowing those who bear the freight such as farmer producers, glass producers and clay producers to be given standing to file and pursue rate and service issues both in front of the STB, Courts and in Final Offer Arbitration processes. All who attended believed it was a very beneficial meeting and pledged to work closely with the staff as they continued toward writing a STB Reauthorization bill that would include STB reform and shipper issues as well.

The ARC members also told the committee staff, as they did throughout the day with meeting with individual Congressman and Senators, that the Rail Anti Trust Legislation introduced by Senator Kohl (D-WS), while

wholeheartedly supported by ARC, would not by itself alone correct the many shipper problems we have with the railroads today.

All ARC members that attended Rail Shipper Day which included representatives of the electric utility, glass producers, farm producers and agricultural merchandisers felt that the time was well spent and also sensed that Congressional leaders are committed to finding solutions soon to the captive shipper problem.

ARC has hosted several Rail Shipper days this year – with many groups conducting hundreds of meetings with Congressional offices on the Hill in January, February and March. ARC will host several more groups over the coming months.

SAUSAGE MAKING ON CAPTIVE RAIL BILL IS UNDERWAY

Headline: Congress to address captive-shipper concerns

WASHINGTON -- Washington sources said March 30 that railroads and shippers are expected to reach agreement on so-called "re-reg" legislation within about two weeks following intense and highly confidential negotiations involving all the key players: carriers, "captive shippers," legislators (especially Rep. James Oberstar [D-Minn.] and Sen. Jay Rockefeller [D.-W.Va.]), and labor interests, reports Railway Age magazine.

"There should be a shipper/railroad consensus bill by mid-April," said one source, who added that the Association of American Railroads board had agreed earlier this month to compromise on shipper issues.

The legislation has to do with the railroads' remaining antitrust immunity and perceived competitive abuses.

(The preceding article was published by Railway Age magazine) March 31, 2009